The VICE PRESIDENT. Without objection, it is so ordered.

CERTIFICATE OF ELECTION

The VICE PRESIDENT. The Chair lays before the Senate the certificate of election to fill the unexpired term created by the death of the late Senator Edward M. Kennedy of the Commonwealth of Massachusetts. The certificate, the Chair is advised, is in the form suggested by the Senate. If there is no objection, the reading of the certificate will be waived and will be printed in full in the RECORD.

There being no objection, the material was ordered to be printed in the RECORD, as follows:

THE COMMONWEALTH OF MASSACHUSETTS

CERTIFICATE OF APPOINTMENT

To the President of the Senate of the United States:

This is to certify that on the nineteenth day of January, two thousand and ten Scott P. Brown was duly chosen by the qualified electors of the Commonwealth of Massachusetts a Senator for the unexpired term ending at noon on the third day of January, two thousand and thirteen, to fill the vacancy in the representation from said Commonwealth in the Senate of the United States caused by the death of Senator Edward M. Kennedy.

Witness: His Excellency, the Governor, Deval L. Patrick, and our seal hereto affixed at Boston, this fourth day of February in the year of our Lord two thousand and ten.

DEVAL L. PATRICK,
By His Excellency, Governor.
WILLIAM FRANCIS GALVIN,
Secretary of the Commonwealth.

[State Seal Affixed]

ADMINISTRATION OF OATH OF OFFICE

The VICE PRESIDENT. If the Senator-elect will now present himself at the desk, the Chair will administer the oath of office.

The Senator-elect, escorted by Mr. KERRY and Mr. KIRK, respectively, advanced to the desk of the Vice President; the oath prescribed by law was administered to him by the Vice President; and he subscribed to the oath in the Official Oath Book.

The VICE PRESIDENT. Congratulations, Senator.

(Applause, Senators rising.)

Mr. KAUFMAN. Mr. President, I ask unanimous consent to speak in morning business for up to 30 minutes.

The PRESIDING OFFICER. Without objection, it is so ordered.

FINANCIAL AND ECONOMIC REFORM

Mr. KAUFMAN. Mr. President, since the financial meltdown in 2008, America and Congress have remained stuck at a crossroads. Not since the Great Depression of the 1930s have we experienced a financial and economic crisis of such magnitude that it forces us as a society and lawmaking body to reconsider the legal and institutional underpinnings of our financial system.

The history of our Nation shows we have been at this crossroads before. At times, we have made the right decision, but, sadly, at other times we have made the wrong one.

Throughout the 19th century and the early part of the 20th century, the complacency of government and the contrivances of powerful, moneyed interests prevented us from achieving fundamental reform of our financial and monetary structures. The result was, our history was replete with all-too-frequent banking panics.

Regrettably, it took well over a century before we heeded the clarion call for reform.

The shared experience of the Great Depression thrust us into the harsh reality that the status quo was bankrupt. Out of the ashes of that crisis, we built a legal and regulatory edifice that has endured for decades.

One of the cornerstones of that edifice was a federally guaranteed insurance fund to back up bank deposits. Another was the Glass-Steagall Act which established a firewall between commercial and investment banking activities. Other rules were imposed on investors to tamp down rampant speculation, such as margin requirements and the uptick rule on short selling.

For the next 50 years, the United States experienced relative financial calm and economic growth, with the normal business cycle providing the usual ups and downs, of course.

The edifices built in the 1930s served us well until the 1980s and the savings and loan crisis, which itself was brought on by the rollback of rules that applied to thrifts.

Unfortunately, the passage of time, and even after the shock of the S&L failures, the ideology of market fundamentalism began to sweep across our regulatory environment, erasing the clear lessons of history.

Those market fundamentalists argued that our financial actors could police themselves, that their own self-interest in remaining financially viable would create sufficient incentive to do thorough due diligence, far exceeding the ability of regulators to limit excessive risk by rulemaking.

Systematically, these fundamentalists worked to dismantle many of the prudential New Deal-era banking reforms. Their crowning achievement: the repeal of Glass-Steagall in 1999.

Wall Street and Washington were possessed by this laissez faire ethos over the past 20 years. But it was this philosophy and the fountainhead of decisions that sprang from it that led us blithely, and perhaps blindly, down the path to our current crisis.

Even Alan Greenspan, the avatar of the deregulatory mindset, has now admitted this dominant concept of self-regulation was ill-conceived.

In a speech just 1 year ago this month before the Economic Club in New York, the former Fed Chairman of 19 years conceded that the ''enlightened self-interest'' he had once assumed would ensure that Wall Street firms maintain a ''buffer against insolvency'' had failed.

The sheer complexity of today's trading instruments and the supposed risk management tools used to ensure them against collapse was, he said, ''too much for even the most sophisticated market players to handle properly and prudently.''

Mr. Greenspan, perhaps more than anyone else, should have known better. But instead of playing the role of the markets' fire chief, he played that of head cheerleader. For example, Mr. Greenspan applauded the trend of financial disintermediation, proclaiming that new innovations would allow risks to be dispersed throughout the system.

Unfortunately, he failed to realize that products such as credit default swaps sometimes perversely encouraged banks to become empty creditors, since banks holding these default instruments could end up making more money if people and companies defaulted on their debts than if they actually paid them.

Of course, this was just the tip of the iceberg. Despite having the power to write and enforce consumer protection standards, the Federal Reserve did nothing to combat deteriorating origination standards in mortgage and consumer loans.

Mr. Greenspan signed off on regulations that gave banks the ability to set their own capital standards. He allowed banking institutions to leverage excessively by gorging on short-term liabilities and, in some cases, creating off-balance-sheet entities to warehouse their risky assets.

In the wake of Wall Street excess and dereliction of duty by its regulators, financial ruin descended upon our country. Ultimately, it took extraordinary actions—including a multibillion-dollar taxpayer bailout—to prevent us from falling into the abyss of a second Great Depression. We narrowly avoided that fate.

But now, when Congress should be hardest at work rebuilding the edifice that served us so well for decades, we are not. Instead, we are being lulled into a false sense of security.

Many of Wall Street's biggest financial institutions, just a few months ago saved from oblivion by U.S. taxpayers, have already recovered. In some cases, they are even making record profits. Once again, they are back to their old tricks, in particular remaining obsessively fixated on short-term trading profits, with the help of zero percent loans from the Fed window, to drive their recovery.

In fact, much of the competition was killed off in the crisis so that once stronger banks are now stronger still, allowing them to charge customers higher transaction fees, from equities to bonds to derivatives.

Many on Wall Street are engaged in high-frequency trading strategies